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THE CARIBOO GOLD QUARTZ MINING COMPANY LIMITED (N.P.L.)



Forty-Third Annual Report – 1969



COVER PHOTO

The gas plant now under construction in the Strachan area will be similar in design and capacity to this completed plant in the same vicinity.

Pollution prevention played a major role in the choice of the site, 4,000 feet above sea level, on the highest plateau in the vicinity of Rocky Mountain House. The plant will have a 410 foot stack to ensure proper atmospheric dispersion of stack gases. Gulf Oil Canada will be operator for itself and partners which includes "Cariboo".

Courtesy of The Calgary Herald, Calgary, Alberta

**THE CARIBOO
GOLD QUARTZ
MINING COMPANY
LIMITED**

(N.P.L.)

806 - 475 HOWE ST., VANCOUVER 1, B.C.

ANNUAL MEETING
Annual General Meeting will be held at the
Hotel Grosvenor, 840 Howe Street,
Vancouver, B.C., on Friday, the 19th day of
June, 1970, at the hour of 11:00 a.m.
o'clock, Pacific Daylight Saving Time.

OFFICERS

J. ROYDEN MORRIS, President
RICHARD S. LENNIE, Vice-President
MRS. MAVIS JOHNSON, Secretary

DIRECTORS

J. ROYDEN MORRIS, Vancouver, B.C.
DR. H. L. MacDOUGALL, Seattle, Wash.
RICHARD S. LENNIE, Vancouver, B.C.
ROY RICKS, Chicago, Ill.
J. E. R. WOOD, Vancouver, B.C.

MANAGER

SIDNEY DANNHAUER, Wells, B.C.

CONSULTING ENGINEER

DR. DOUGLAS D. CAMPBELL, P.Eng., Ph.D., Vancouver, B.C.

TRANSFER AGENTS

MONTRÉAL TRUST COMPANY, Vancouver, B.C.; Toronto, Ont.

AUDITORS

McDONALD, CURRIE & CO., Vancouver, B.C.

MINE OFFICE

WELLS, B.C.

SHARE LISTING

VANCOUVER STOCK EXCHANGE



Report of the Directors TO THE SHAREHOLDERS

Gas Plant Alberta

First of all may I refer to the picture of the gas plant on the cover of your report. The plant at Strachan, near Rocky Mountain House, Alberta, when completed for Gulf Oil Canada Limited and partners (including Cariboo) will be similar to the one portrayed in this picture.

Our gas extraction plan is scheduled to be in operation this December at an initial rate of 250 million cubic feet of gas per day. Cariboo's reserves of gas have been committed to Trans-Canada Pipelines Limited under a 25-year contract. At this initial design capacity, based on 350 days a year, production will be 70 billion cubic feet of residue natural gas, 290 thousand tons of sulphur and one and three quarter million barrels of pentanes plus. Cariboo's share of this production will be about one and one half percent which should give us an estimated \$400,000 cash flow for 1971. As mentioned above this contract is for 25 years (to 1995).

Your Company has ample funds available for its share of the over \$21,000,000 estimated outlay for construction costs of the gas plant and related pipeline gathering system facilities.

Strachan-Ricinus Gas Field Alberta

Cariboo is one of the original working interest partners in the Strachan Leduc (D-3) discovery well, Stampede B.A. Strachan 6-33, in west central Alberta approximately 90 miles N.W. of Calgary.

Since drilling the discovery well in 1967, Cariboo has continued to participate with United Bata Resources Limited (N.P.L.), Gulf Oil Canada Limited, Amerada Petroleum Corporation, Canadian Export Gas & Oil Ltd. and Silver Arrow Explorations Ltd. (N.P.L.) in land acquisition, exploratory drilling and development drilling of the Strachan-Ricinus play. Cariboo and partners have added 46 sections (29,440 acres) to the original 36 sections (23,040 acres) of farmout and option lands

at a cost of approximately \$10,000,000. The Company now has interests ranging from .671% to 2.5% in 52,480 acres.

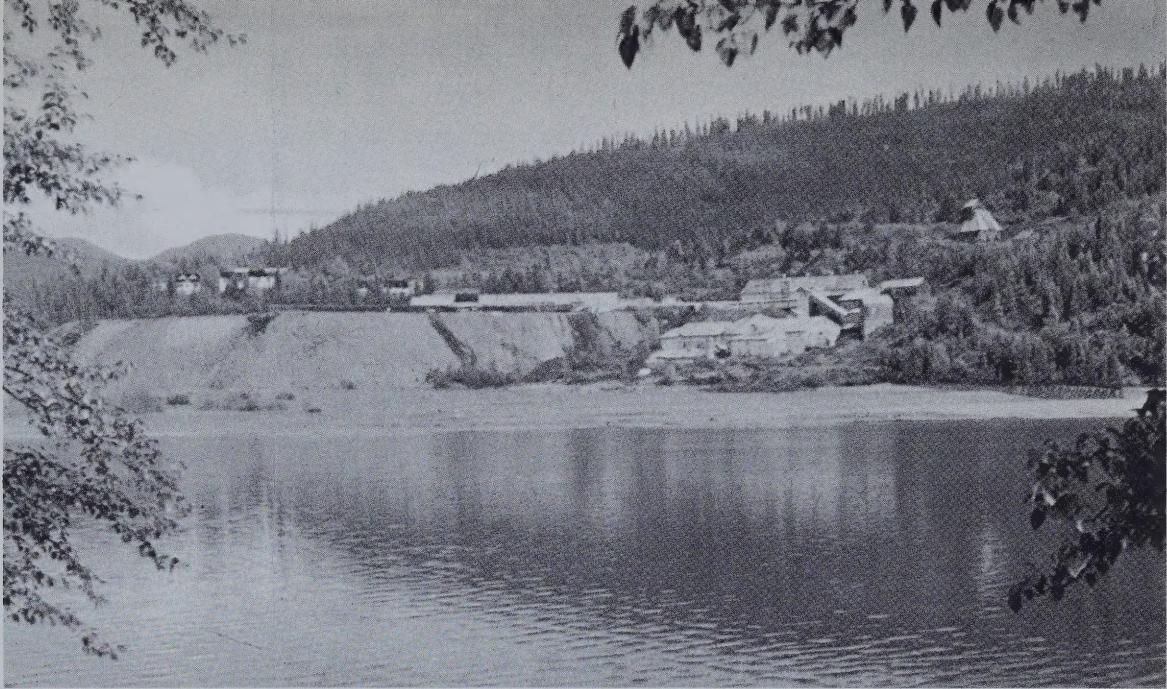
Drilling subsequent to the discovery well has resulted in four additional successful Leduc D-3 sour gas wells (11-27, 11-22, 11-28 and 10-21) and one Cardium gas well completed. These wells are among the largest in Canada, 11-27 having in excess of 700 feet of net pay in the Leduc D-3 reef.

The gas reserves of Cariboo and partners' five D-3 successes are sizeable and currently constitute the bulk of the Strachan proven and marketable reserves of 1.8 trillion cubic feet. Extrapolating proven reef reserves over the large block of acreage held by Cariboo and its partners, it is probable that ultimate reserves will reach 4 to 5 trillion cubic feet. Drilling will continue to fully evaluate field potential. It is interesting to note that the present completed D-3 wells have more than ample production capacity to supply the present needs of the gas plant for the twenty five year life of the contract with Trans-Canada Pipelines Limited and so the initial input could be proportionately increased beyond the 250,000,000 cubic feet originally stated.

One mile from our southwest block of acreage, Banff, Chevron and Amoco have brought in a big well, Banff et al 6-25, which has a net pay of 650 feet in the D-3. Cariboo and partners are carrying out geophysical work preparatory to drilling an offset well this summer. This is an entirely new productive D-3 reef.

The outlook for gas sales in the 1970's: With the increase in reserves of natural gas, Canadian production rates also grew in 1969. Natural gas sales increased by 500 million cubic feet per day or 14% to total in excess of 4 billion cubic feet daily. Gas exports to the United States increased to 11.4% to average 1.85 billion cubic feet per day. U.S. utility corporations are financing Trans-Canada Pipelines Limited and other Canadian oil and gas companies in their quest for added reserves. The demand for

View of the Gold
Property at
Wells-Barkerville, B.C.



natural gas seems insatiable and the outlook is for continued expansion and higher prices right through the 70's.

Gold Mining Operation Wells-Barkerville, B.C.

The Company's properties consist of over 4,000 acres in the Cariboo District of British Columbia, extending some 7 miles along the strike of the Barkerville gold belt, between the towns of Wells and Barkerville. A study of the accompanying maps will give you a good idea of the size of the mine workings and the vast potential for further development.

Fixed assets owned by the Company include a 400 ton cyanide mill, assay office, refinery, power plant, hospital and six fireproof apartment buildings.

Underground potential: Dr. Douglas D. Campbell, our consulting geologist, states, "At an increased price for gold, to at least \$60 per oz. Cdn., the potential at both mines for increased production of ore from both vein and replacement ore-bodies is excellent because much known and developed vein mineralization would then be classified as profitable ore. Present proven ore plus indicated ore could well support mill production of at least 300 tons per day and would definitely be profitable since the only major capital repayment would be for the exploration program and for the necessary new mine and mill equipment."

Dr. Campbell outlines the potential thus: "Considering the known geological factors it would appear that the potential tonnages of easily developed replacement ore in unexplored Baker rocks in the various parts of the Cariboo Gold Quartz property are as follows: Island Mountain Mine (Aurum) 300,000 tons, No. 1 Mine 500,000 tons, Southeast 500,000 tons. The ultimate potential could be much in excess of these figures in each locality."

As Barron's National Business and Financial Weekly of New York states: "Whatever the future

may hold for world finance, gold is worth keeping an eye on. It remains a classic storehouse of value. It's also an excellent measure of speculative sentiment abroad."

The Bank Credit Analyst of Montreal states, May 1970: "Increasing good prospects for an early round of international monetary excitement make the holding of gold stocks attractive."

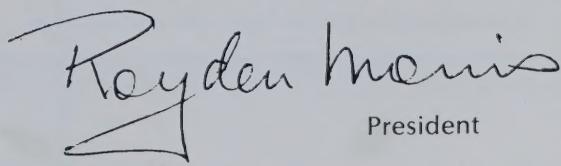
Exploration Ruttan Lake Area, Manitoba

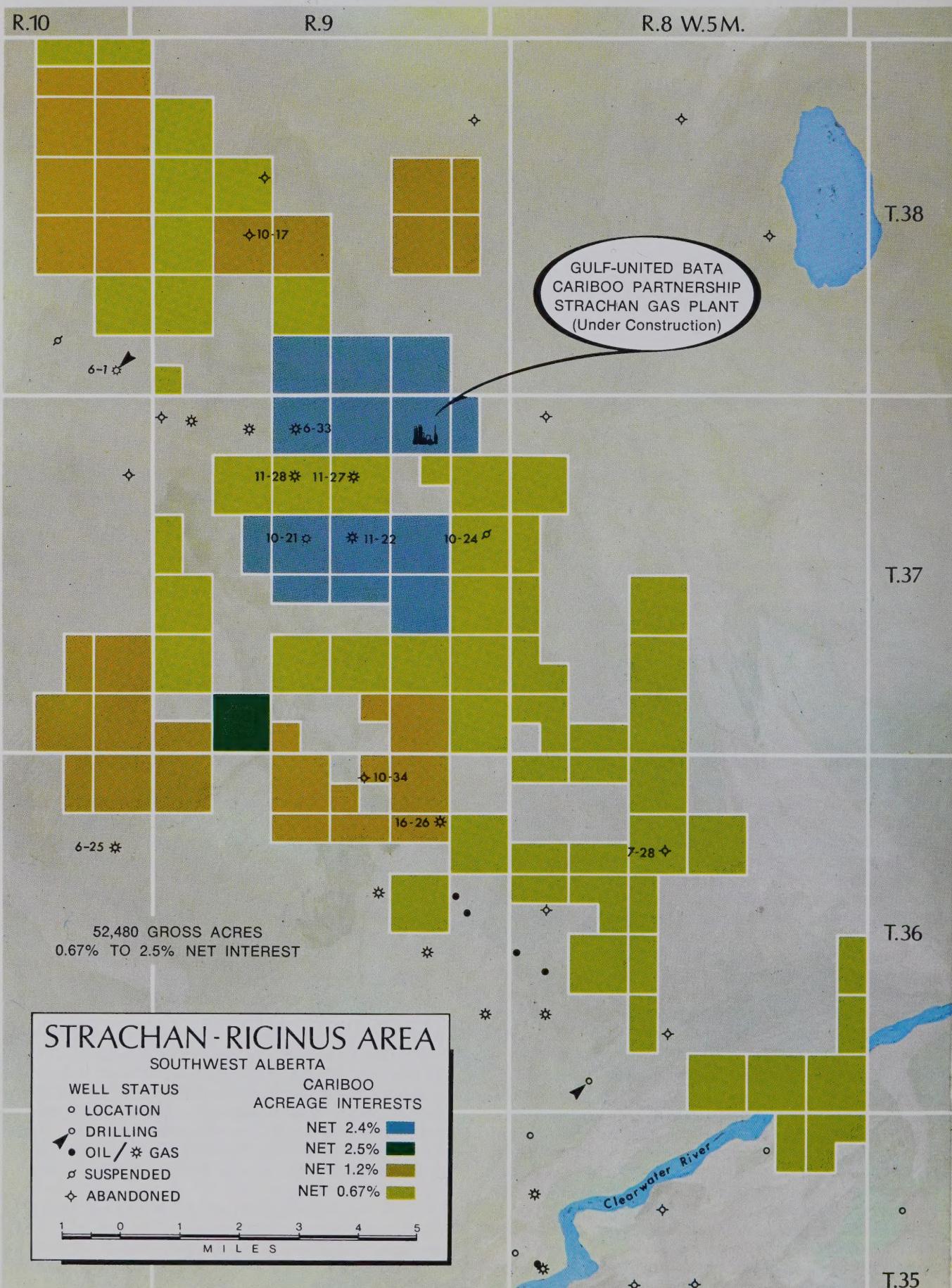
"A pretty fair mine" is the description President D. D. Thomas gave to Sherritt Gordon's Ruttan Lake deposit at the annual meeting of the company. The Ruttan Lake ore reserves are now calculated at 25,500,000 tons averaging 1.46% copper and 2.27% zinc.

Your Company has signified its intention to participate in a syndicate headed by Mineral Mountain Mining Co. Ltd. N.P.L. in order to explore a group of claims totalling 14,400 acres in the area. This ground is considered to be an excellent exploratory and geological bet from the standpoint of its location in relation to the Sherritt Gordon Ruttan Lake orebody.

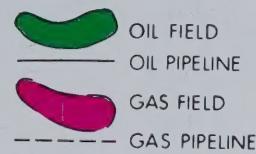
This coming December, with the gas plant going "on stream", another important milestone will be reached by your Company. With an assured annual income estimated at \$400,000 for twenty five years, the Company by next year should be able to institute a dividend policy and at the same time set aside funds for a vigorous exploration program for minerals and petroleum. Should we have a substantial increase in the price of gold your Company would have no difficulty in financing the re-opening of the mine at Wells.

On behalf of the Board of Directors


Royden Morris
President

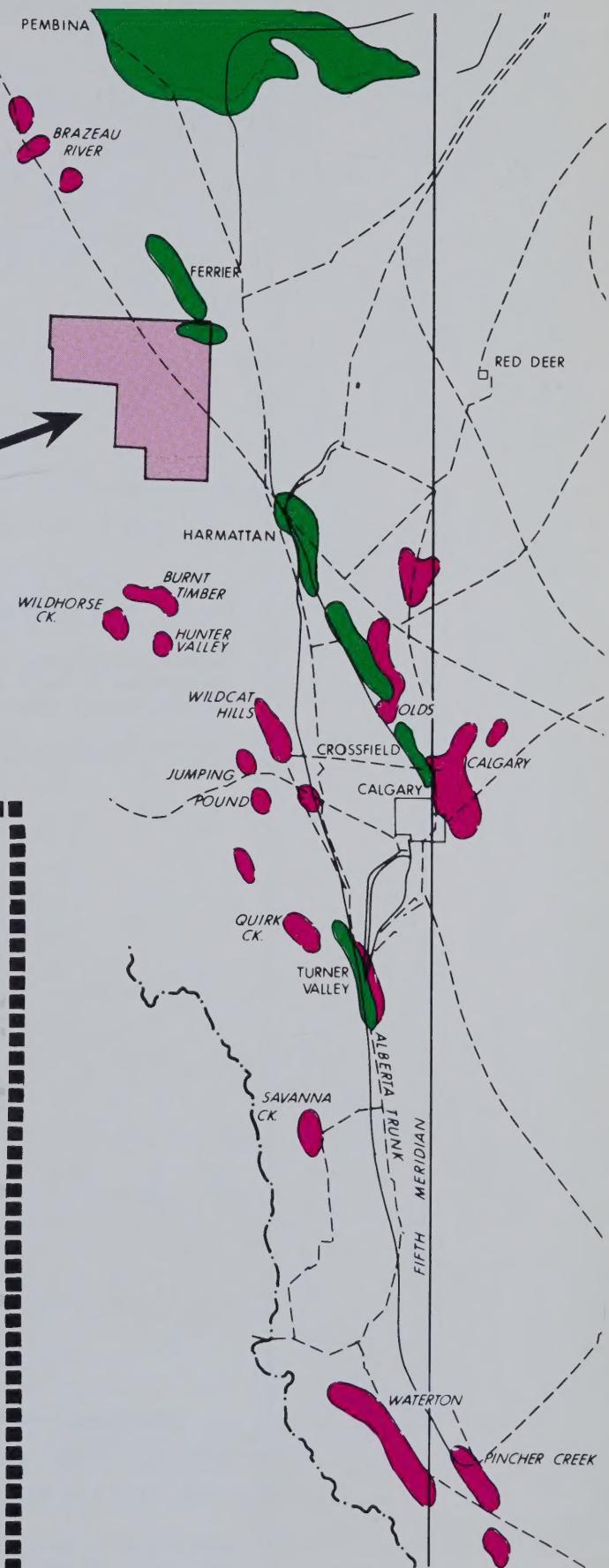
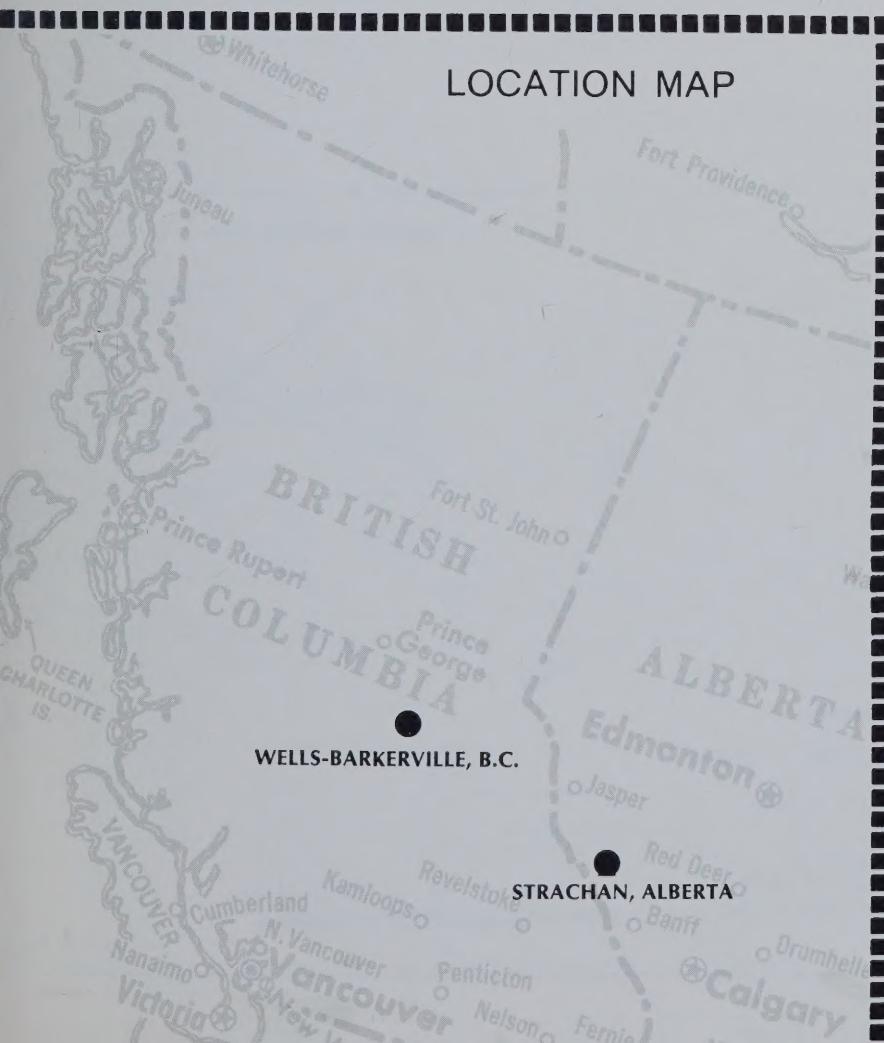


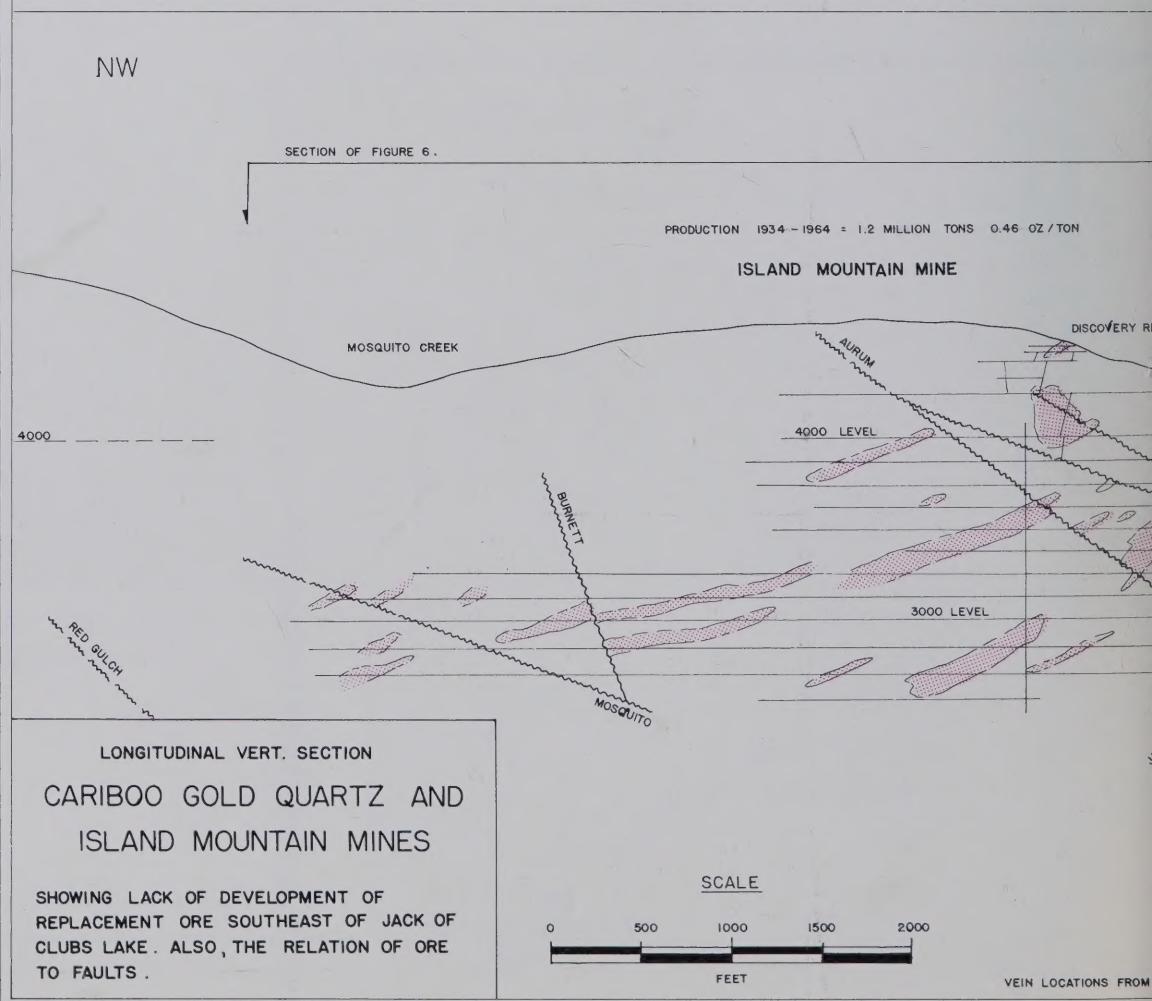
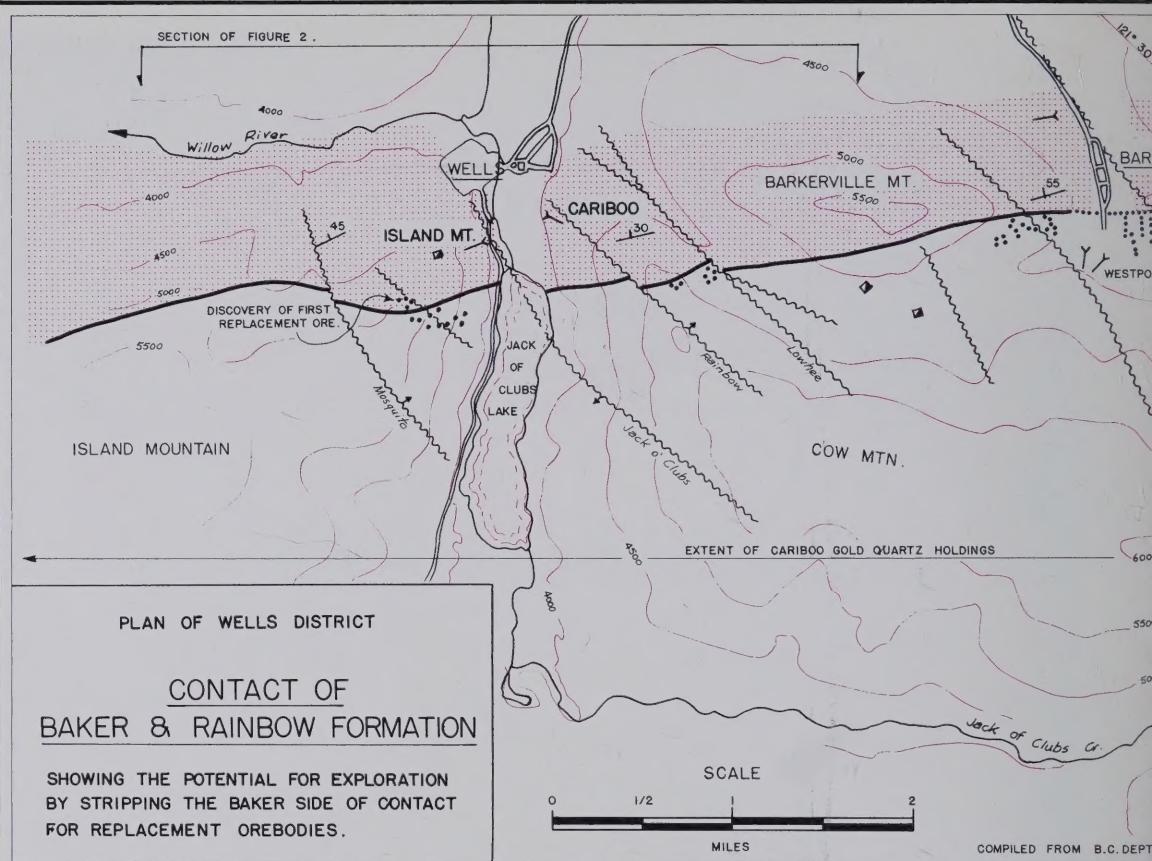
WESTERN ALBERTA INDEX MAP



Strachan - Ricinus

LOCATION MAP





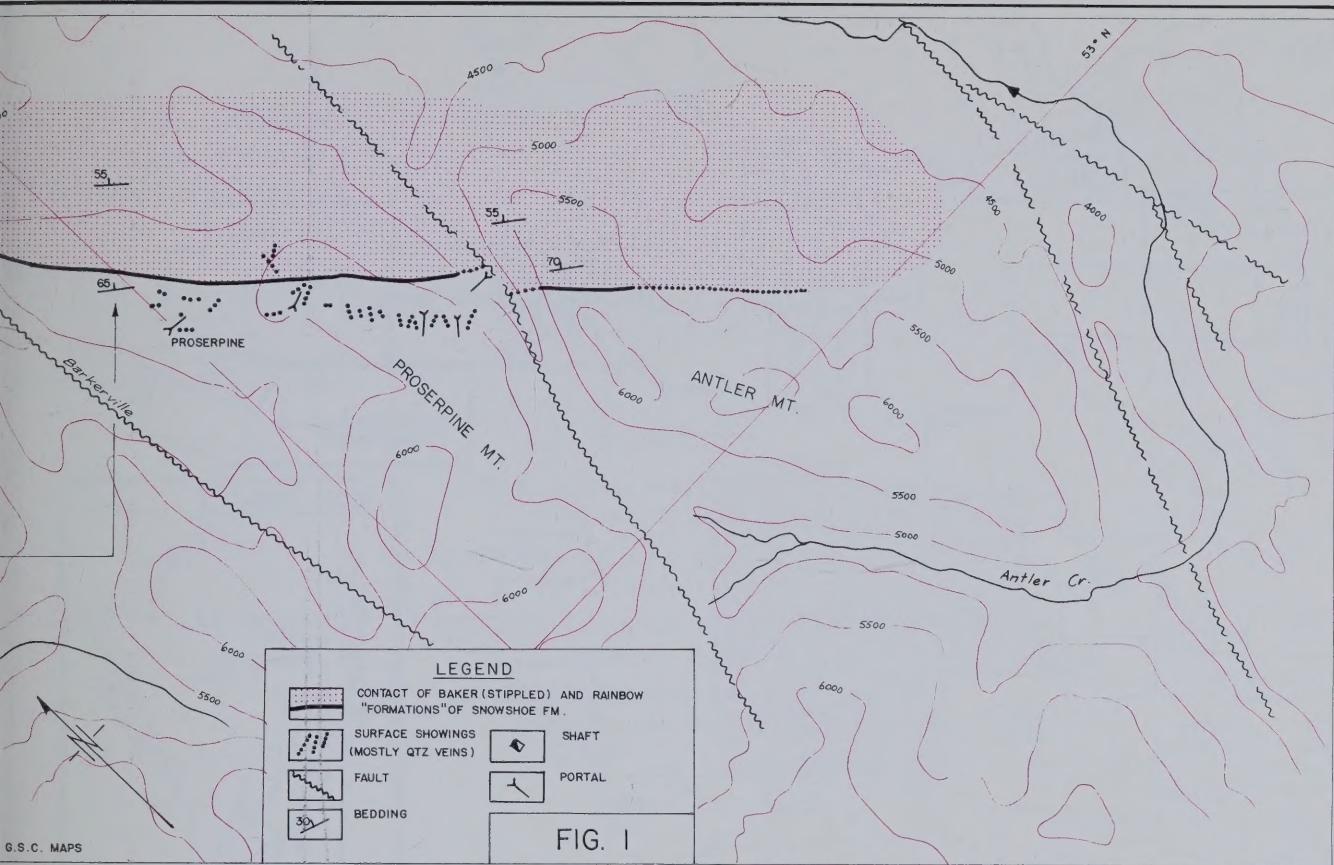
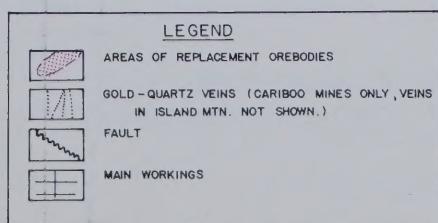
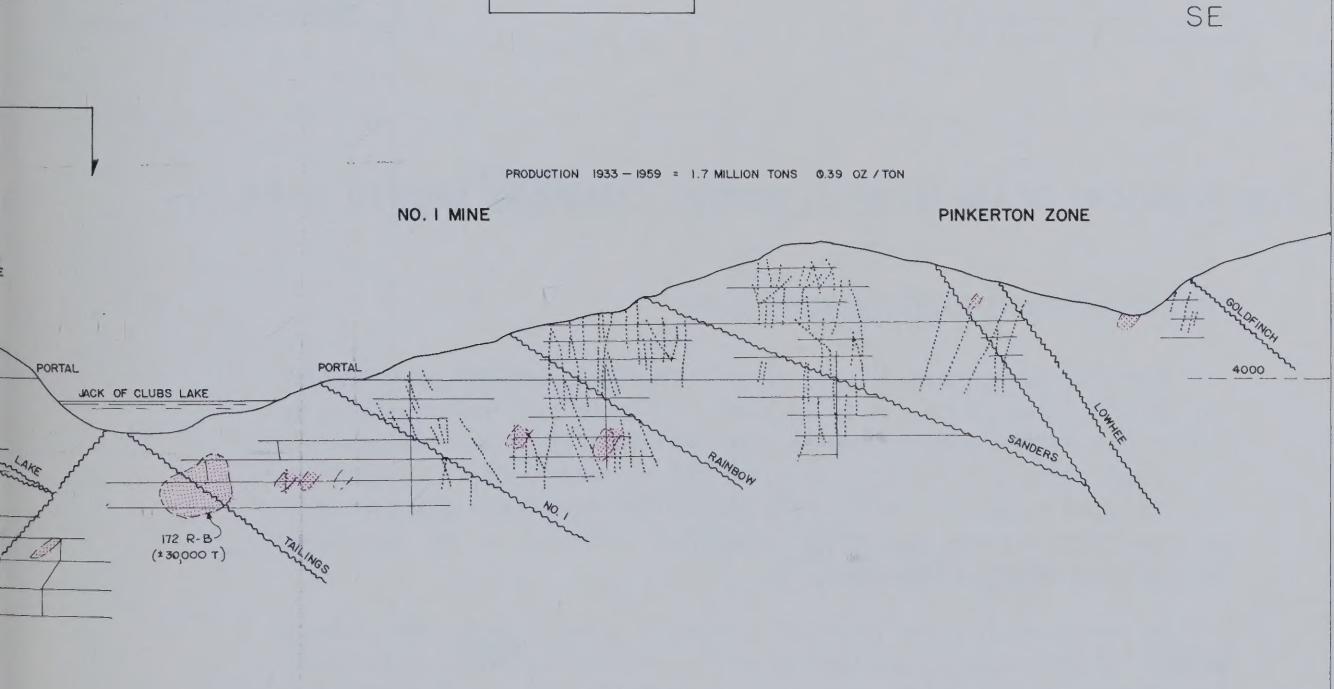
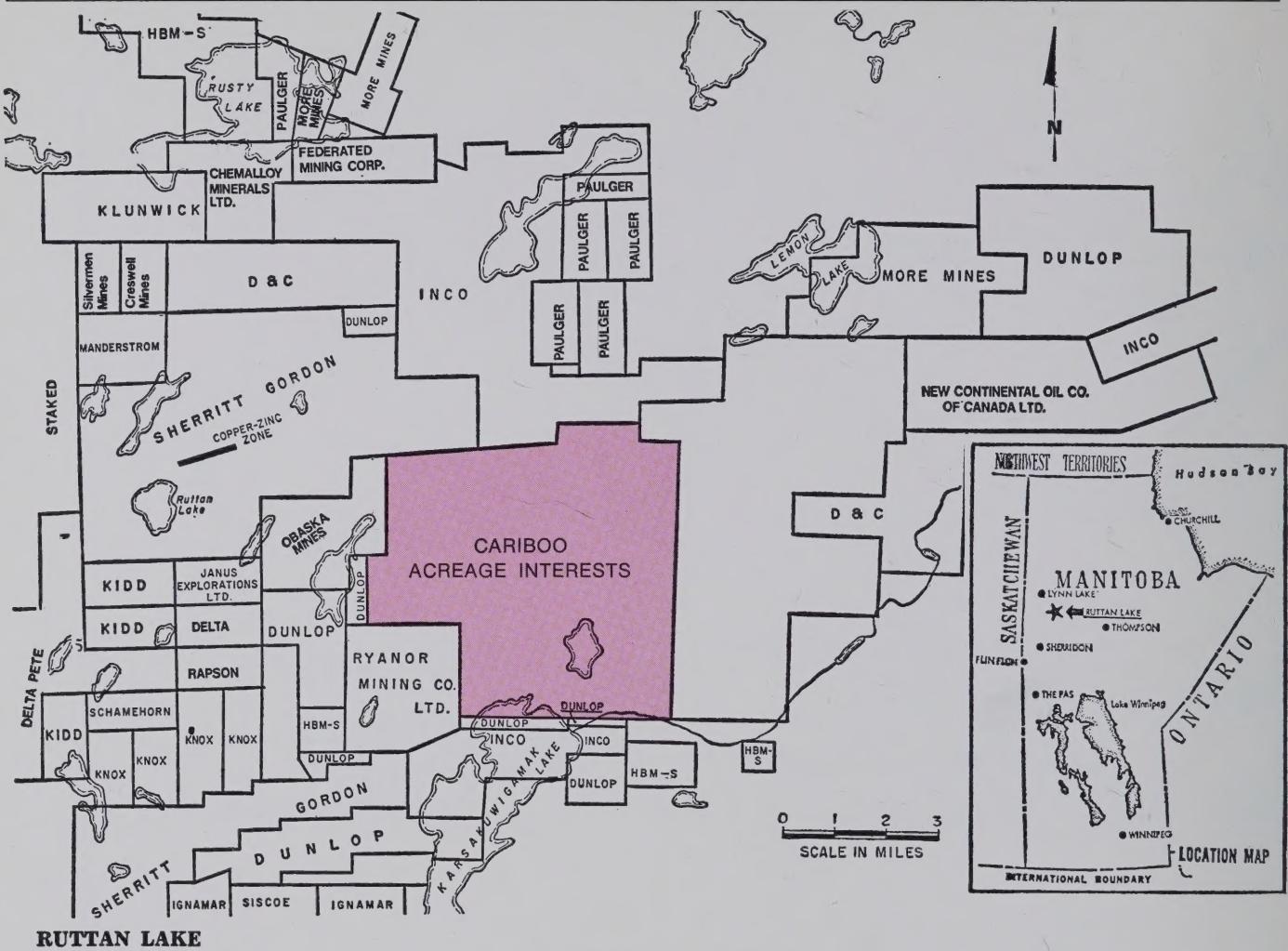


FIG. 2



DOLMAGE-CAMPBELL & ASSOCIATES VANCOUVER, CANADA	CONSULTANTS
CARIBOO GOLD QUARTZ MINES LTD. WELLS B.C. VANCOUVER, CANADA	
GENERAL GEOLOGY CARIBOO GOLD QUARTZ	
SCALE AS SHOWN	JAN. 1, 1968
FIG. 1 - 2	



THE CARIBOO GOLD QUARTZ MINING COMPANY LIMITED (N.P.L.)

Auditors' Report to the Shareholders

We have examined the balance sheet of The Cariboo Gold Quartz Mining Company Limited (N.P.L.) as at December 31, 1969 and the statements of deficit, deferred exploration and development costs, administrative expenses and source and use of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and use of its working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, CURRIE & CO.
Chartered Accountants

Vancouver, B.C.
March 26, 1970

**THE CARIBOO
GOLD QUARTZ
MINING COMPANY
LIMITED**
(N.P.L.)

Balance Sheet as at
December 31, 1969

ASSETS

	1969	1968
	\$	\$
CURRENT ASSETS		
Cash and short-term deposits	325,217	82,572
Marketable securities - at cost	28,731	
Sundry accounts receivable	24,458	3,148
	<u>349,675</u>	<u>114,451</u>
INVESTMENT IN SUBSIDIARY COMPANIES		
(notes 1 and 3)	33,769	20,003
IDLE BUILDINGS AND EQUIPMENT, Wells, B.C., at estimated net realizable value (notes 1 and 2)		
	33,000	80,000
MINERAL PROPERTIES, at nominal value		
(notes 1 and 4)	1	897
PETROLEUM AND NATURAL GAS PROPERTIES, at cost (notes 1 and 5)		
	197,332	57,458
DEFERRED COSTS (note 1)		
Mineral property exploration and development, at cost	38,860	36,052
	<u>652,637</u>	<u>308,861</u>

LIABILITIES

	1969	1968
	\$	\$
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>27,697</u>	<u>6,457</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized—

4,000,000 common shares of the par value of \$1 each

Issued and fully paid (note 7)

2,760,809 common shares

(1968 - 2,560,809 shares) 2,760,809 2,560,809

Less: Discount on shares - net of premium 326,947 476,947

DEFICIT

2,433,862 2,083,862

1,808,922 1,781,458

624,940 302,404

652,637 308,861

SIGNED ON BEHALF OF THE BOARD

J. ROYDEN MORRIS, Director

J. E. R. WOOD, Director

**THE CARIBOO
GOLD QUARTZ
MINING COMPANY
LIMITED**
(N.P.L.)

STATEMENT OF DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1969

	1969	1968
	\$	\$
BALANCE - BEGINNING OF YEAR	<u>1,781,458</u>	<u>1,722,115</u>
Cost of mineral claims abandoned and general exploration and development costs written-off	1,239	9,704
Reduction in prior years' claim under The Emergency Gold Mining Assistance Act		18,771
Reduction in estimated realizable value of idle buildings and equipment	14,836	4,285
Wells townsite expenses - net	25,639	14,251
Administrative and general expenses less sundry and interest income	19,678	18,090
	<u>61,392</u>	<u>65,101</u>
	<u>1,842,850</u>	<u>1,787,216</u>
Less: Gain on sale of investments	33,928	5,758
BALANCE - END OF YEAR	<u>1,808,922</u>	<u>1,781,458</u>

STATEMENT OF DEFERRED EXPLORATION AND DEVELOPMENT COSTS AND ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1969

	1969	1968
	\$	\$
DEFERRED EXPLORATION AND DEVELOPMENT COSTS		
Balance - beginning of year	36,052	
Consulting fees	491	8,787
Licences	1,313	
Salaries		3,200
Travel	804	806
Trenching and clearing	200	23,259
Balance - end of year	<u>38,860</u>	<u>36,052</u>
ADMINISTRATIVE EXPENSES		
Advertising	1,633	319
Audit and legal	2,150	3,653
Office, printing and stationery	684	977
Rent	3,060	1,284
Salaries	10,100	7,905
Shareholders' meetings and expense	6,465	3,027
Sundry	4,021	2,923
Telephone	1,026	1,254
Transfer agent fees	2,089	1,355
Travel	804	806
	<u>32,032</u>	<u>23,503</u>
Less: Interest on short-term deposits	12,194	
Sundry income	<u>160</u>	<u>12,354</u>
	<u>19,678</u>	<u>5,413</u>

STATEMENT OF SOURCE AND USE OF WORKING CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 1969

	1969	1968
	\$	\$
SOURCE		
Gain on sale of investments	33,928	5,758
Sale of idle building and equipment	32,164	15,715
Capital stock issued	<u>350,000</u>	
	<u>416,092</u>	<u>21,473</u>
USE		
Deferred exploration and development	2,808	36,052
Wells townsite expenses - net	25,639	14,251
Administrative and general	19,678	18,090
Reduction in E.G.M.A. claim		18,771
Participation in petroleum and natural gas farmout agreements	140,217	6,723
Mineral properties		4,324
Investment in subsidiary company	<u>13,766</u>	
	<u>202,108</u>	<u>98,211</u>
INCREASE (DECREASE) IN WORKING CAPITAL	213,984	(76,738)
WORKING CAPITAL - BEGINNING OF YEAR	<u>107,994</u>	<u>184,732</u>
WORKING CAPITAL - END OF YEAR	<u>321,978</u>	<u>107,994</u>
 REPRESENTED BY:		
Current assets	349,675	114,451
Current liabilities	27,697	6,457
WORKING CAPITAL - END OF YEAR	<u>321,978</u>	<u>107,994</u>

**THE CARIBOO
GOLD QUARTZ
MINING COMPANY
LIMITED**
(N.P.L.)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1969

1. VALUES

The amounts shown for investment in subsidiary companies, idle buildings and equipment, mineral properties, petroleum and natural gas properties and deferred costs represent costs to date or costs less amounts written off to date and do not necessarily reflect present or future values.

2. TERMINATION OF OPERATIONS

The company ceased operation of its gold mine at Wells, B.C. on April 15, 1967 and is disposing of its idle buildings and equipment.

3. INVESTMENT IN SUBSIDIARY COMPANIES

Consolidated financial statements have not been prepared because The Wells Townsite Company Limited, Gold Quartz Hospital Limited, Williams Creek Gold Quartz Mining Co. Limited (N.P.L.) and French Mines Ltd. (N.P.L.) are inactive. These companies had no profits or losses during the year.

The investment in shares of subsidiary companies is shown at cost or cost less amounts written off to deficit as follows:

	1969	1968
	\$	\$
The Wells Townsite Company Limited - 100%	1	1
Gold Quartz Hospital Limited - 100%	1	1
Williams Creek Gold Quartz Mining Co. Limited (N.P.L.) - 89%	33,766	20,000
French Mines Ltd. (N.P.L.) - 100%	1	1
	<hr/> 33,769	<hr/> 20,003

4. MINERAL PROPERTIES

The company holds its original mineral properties at Wells, B.C. which are carried in the accounts at a nominal value of \$1.

5. PETROLEUM AND NATURAL GAS PROPERTIES

By an agreement between the company and United Bata Resources Limited, United Bata assigned to the company 5/77.5 of its participating interest in a farmout agreement between United Bata as Farmee and Gulf Oil Canada Limited as Farmor.

Under the agreement with United Bata the company has the option to participate to the extent of 5/77.5 of United Bata's interest in other farmout agreements; this has resulted in the company acquiring various interests in the "Strachan Project" for a total expenditure to December 31, 1969 of \$197,332.

The company is participating in the cost of the Strachan gas processing plant; the estimated total cost to the company is approximately \$300,000 of which \$12,691 has been paid and is included in the \$197,332 above.

6. REMUNERATION TO DIRECTORS

Total remuneration paid to a director of the company during the year was \$6,000. There was no remuneration paid to the other company directors or senior officers.

7. CAPITAL STOCK

During the year the company issued 200,000 shares at \$1.75 per share for cash totalling \$350,000.

PRODUCTION RECORD 1933 - 1966

YEAR	TONS MILLED	GRADE OF MILL HEADS	GOLD OZS. PRODUCED	AVERAGE GRADE OF TAILINGS	RECOVERY PER CENT	TONS ORE RESERVES	ORE RESERVE GRADES	FEET OF DEVELOP- MENT	FEET OF DIAMOND DRILLING	GROSS VALUE OF BULLION PRODUCED	NET EARNINGS PER CENTS)	DIVI- DENDS PAID PER SHARE (CENTS)	
1933	21,668	.441	8,395	.0543	87.77	29,800	.416	7,417	3,303	\$ 260,841	—	.2	
1934	28,835	.405	11,014	.0234	94.24	99,676	.404	18,217	2,549	381,851	—	2.3	
1935	45,692	.415	17,633	.0257	93.82	152,588	.404	10,123	2,549	62,227	—	9.7	
1936	53,672	.395	19,995	.0197	95.01	209,636	.416	8,384	5,043	700,282	—	15.4	
1937	71,843	.451	30,541	.0204	95.48	246,236	.457	6,953	5,248	1,068,835	—	24.9	
1938	104,341	.434	43,060	.0211	95.13	302,165	.438	16,730	9,807	1,517,562	—	34.2	
1939	109,662	.446	46,601	.0226	94.95	428,588	.436	17,891	7,848	1,707,863	—	37.09	
1940	113,802	.407	43,830	.0211	94.81	435,456	.417	16,331	20,629	1,688,643	—	27.2	
1941	129,659	.402	49,315	.0206	94.87	441,672	.397	16,701	14,511	1,900,008	—	19.0	
1942	87,466	.412	34,762	.0209	94.95	423,311	.398	5,334	4,549	1,339,431	—	8.1	
1943	35,814	.464	15,907	.0190	95.90	390,180	.390	329	—	612,740	—	4.0	
1944	33,968	.427	13,665	.0166	96.11	360,415	.388	424	—	526,418	—	—	
1945	36,393	.387	13,303	.0181	95.32	322,250	.382	477	1,529	512,587	—	—	
1946	45,509	.329	14,092	.0177	94.61	322,250	.382	3,498	6,229	530,408	—	—	
1947	88,535	.249	20,899	.0158	93.66	238,740	.320	4,362	17,243	732,766	—	—	
1948	70,267	.329	21,251	.0264	91.97	214,740	.300	2,393	3,889	745,474	\$ 116,773	—	
1949	68,637	.338	21,850	.0198	94.14	207,740	.320	1,489	11,801	806,195	102,677	—	
1950	58,688	.391	21,737	.0210	94.64	165,160	.350	2,722	16,892	825,505	78,401	—	
1951	71,618	.368	24,811	.0224	93.94	195,020	.371	6,899	32,917	909,736	166,008	—	
1952	71,140	.362	24,451	.0182	94.96	143,480	.390	5,849	15,110	836,418	163,253	—	
1953	75,208	.363	26,080	.0160	95.59	144,550	.407	6,295	7,922	899,178	211,246	—	
1954	80,816	.421	33,039	.0128	96.96	221,855	.418	8,839	1,126,826	252,178	4.24	—	
1955	108,652	.396	41,464	.0140	96.47	203,445	.420	7,667	13,173	1,436,151	241,774	.55	
1956	94,721	.446	41,117	.0128	97.22	212,650	.425	4,542	9,221	1,418,471	161,853	5.20	
1957	90,796	.440	38,757	.0132	97.00	153,468	.395	3,867	12,045	1,305,140	186,422	1.42	
1958	66,880	.438	27,892	.0204	95.32	135,421	.393	5,125	12,024	950,373	223,163	—	
1959	46,586	.398	17,746	.0165	95.77	127,510	.421	4,073	11,563	597,939	182,387	—	
1960*	39,113	.518	19,555	.0182	96.48	71,485*	.504*	4,936	15,452	667,214	200,794	—	
1961*	37,944	.552	20,243	.0186	96.63	91,456*	.540*	5,743	15,322	722,927	208,048	1.06	
1962*	38,638	.500	18,624	.0182	96.36	69,150*	.500*	4,539	23,466	701,218	191,362	—	
1963*	34,702	.547	18,308	.0191	96.51	87,860*	.588*	6,222	25,052	695,537	188,119	—	
1964*	32,073	.639	19,867	.0192	97.00	64,850*	.530*	7,834	22,612	755,191	204,136	2.20	
1965*	28,862	.660	18,491	.0190	97.12	78,450*	.590*	5,295	15,439	702,151	189,994	1.40	
1966*	28,877	.700	20,316	.0190	97.12	—	5,580	11,900	770,300	208,800	—	—	
Totals	2,151,077	858,611	* Aurum mine only		231,159	383,127	30,973,400	3,477,388	\$ 1.26	—	—	—	—

